

ORIGINAL



MEMORANDUM

30

TO: Docket Control
FROM: Ernest G. Johnson
Director
Utilities Division

Date: November 10, 2005

RE: STAFF REPORT FOR ARIZONA WATER COMPANY – APPLICATION FOR
EXTENSION OF ITS EXISTING CERTIFICATE OF CONVENIENCE AND
NECESSITY FOR ITS CASA GRANDE SYSTEM (DOCKET NO. W-01445A-05-
0469)

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AZ CORP COMMISSION
DOCUMENT CONTROL

Attached is the Staff Report for Arizona Water Company's application for extension of its existing Certificate of Convenience and Necessity to provide water service. Staff is recommending approval with conditions.

EGJ:BNC:tdp

Originator: Blessing Chukwu

Service List for: Arizona Water Company
Docket No. W-01445A-05-0469

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Arizona Water Company
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STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

ARIZONA WATER COMPANY

W-01445A-05-0469

APPLICATION FOR EXTENSION OF ITS EXISTING CERTIFICATE OF CONVENIENCE
AND NECESSITY FOR ITS CASA GRANDE SYSTEM

NOVEMBER 2005

STAFF ACKNOWLEDGMENT

The Staff Report for Arizona Water Company (Docket No. W-01445A-05-0469) was the responsibility of the Staff members signed below. Blessing Chukwu was responsible for the review and analysis of the Company's application. Marlin Scott, Jr. was responsible for the engineering and technical analysis.

A handwritten signature in dark ink, appearing to be 'B. Chukwu', with a long horizontal line extending to the right.

Blessing Chukwu
Executive Consultant III

A handwritten signature in dark ink, appearing to be 'Marlin Scott, Jr.', with a stylized, cursive script.

Marlin Scott, Jr.
Utilities Engineer

**EXECUTIVE SUMMARY
ARIZONA WATER COMPANY
APPLICATION FOR EXTENSION OF ITS EXISTING CERTIFICATE OF
CONVENIENCE AND NECESSITY TO PROVIDE WATER SERVICE
DOCKET NO. W-01445A-05-0469**

On June 30, 2005, Arizona Water Company ("AWC" or "Company") filed an application with the Arizona Corporation Commission ("ACC" or "Commission") for an extension of its Certificate of Convenience and Necessity ("CC&N") to provide water service in portions of Pinal County, Arizona. On September 7, 2005, Staff filed a Sufficiency Letter indicating that the application had met the sufficiency requirements of Arizona Administrative Code.

AWC is an Arizona Corporation, in good standing with the Corporations Division, and engaged in providing water utility service to customers in various portions of Cochise, Coconino, Gila, Maricopa, Navajo, Pima, Pinal and Yavapai Counties in Arizona. According to the Company's Annual Report for the year ending December 31, 2004, the Company provides water utility service to approximately 72,800 customers in Arizona.

By this application, AWC is seeking Commission authority to add 8 different parcels (over 1,500 acres) to its CC&N. Two of the parcels are within the corporate city limits of the City of Eloy. The Water and Wastewater Systems Manager for the City of Eloy has informed Staff that the City of Eloy does not and would not give or issue any "consent, franchise or permit" to any water and/or wastewater utility company (including AWC) to provide utility services within its corporate city limits. The request will add approximately 12 square-miles to the Company's existing 138 square-miles of certificated area. The Company serves the City of Casa Grande in Pinal County.

Based on Staff's review and analysis of the application, Staff believes that the existing system will have adequate production and storage capacity to serve the existing and proposed CC&N extension areas within a conventional five year planning period and can reasonably be expected to develop additional production and storage as required in the future. However, the Company has indicated that it would be at least five years before it would serve its first customer in Parcels 4, 5, 6, 7, and 8.

Staff recommends the Commission approve AWC's application for extension of its existing Certificate of Convenience and Necessity to provide water service in Pinal County subject to compliance with the following conditions:

1. To require AWC to file with Docket Control an amended legal description excluding the Parcels that are within the corporate city limits of the City of Eloy, specifically, Parcels 2 and 8 prior to the hearing in this matter.
2. To require AWC to charge its authorized rates and charges in the extension area.

3. To require AWC to file with Docket Control, for Staff's review and approval, a copy of the fully executed main extension agreements for water facilities for each parcel within the extension area within 365 days of a decision in this case.
4. To require AWC to file with Docket Control, as a compliance item in this docket, a copy of the Arizona Department of Environmental Quality Approval To Construct ("ATC") for the facilities needed to serve the requested areas within one year of the effective date of an order in this proceeding.
5. To require AWC to file with Docket Control, as a compliance item in this docket, a copy of the developers' Certificate of Assured Water Supply, stating that there is adequate water supply, where applicable or when required by statute, within a year of the effective date of the final decision and order issued pursuant to this application.

Staff further recommends that the Commission's Decision granting the requested CC&N extension be considered null and void should the Company fail to meet the Condition Nos. 3, 4, and 5 listed above within the time specified.

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Introduction

On June 30, 2005, Arizona Water Company ("AWC" or "Company") filed an application with the Arizona Corporation Commission ("ACC" or "Commission") for an extension of its Certificate of Convenience and Necessity ("CC&N") to provide water service in portions of Pinal County, Arizona.

On July 21, 2005, the ACC Utilities Division ("Staff") filed an Insufficiency Letter, indicating that the Company's application did not meet the sufficiency requirements of Arizona Administrative Code ("A.A.C."). A copy of the Insufficiency Letter was sent to the Company via U.S mail. In the Letter, Staff listed the deficiencies that needed to be cured for administrative purposes.

On August 10 and 30, 2005, the Company provided additional documentation to support the relief requested.

On September 7, 2005, Staff filed a Sufficiency Letter indicating that the application had met the sufficiency requirements of A.A.C. R14-2-402.

On November 2, 2005, The City of Eloy filed an application to intervene in the proceeding.

Background

AWC is an Arizona Corporation, in good standing with the Corporations Division, and engaged in providing water utility service to customers in various portions of Cochise, Coconino, Gila, Maricopa, Navajo, Pima, Pinal and Yavapai Counties in Arizona. The Company is a wholly-owned subsidiary of Utility Investment Company, which is a wholly-owned subsidiary of United Resources, Inc. According to the Company's Annual Report for the year ending December 31, 2004, the Company provides water utility service to approximately 72,800 customers in Arizona. AWC provides water service to customers in 18 water systems in three groups: Northern, Eastern and Western.

By this application, AWC is seeking Commission authority to add 8 different parcels (over 1,500 acres) to its CC&N. The request will add approximately 12 square-miles to the Company's existing 138 square-miles of certificated area. The Company serves the City of Casa Grande in Pinal County.

Finance of Utility Facilities

The Company is proposing to finance the required utility facilities through advances in aid of construction. Advances in aid of construction are often in the form of Main Extension Agreements ("MXAs"). MXAs are standard industry practice. The minimal acceptable criteria for line extension agreements between water utilities and private parties are established by

A.A.C. R14-2-406. These agreements generally require the developer to design, construct and install (or cause to be), all facilities to provide adequate service to the development. The developer is required to pay all costs of constructing the required facilities necessary to serve the development. Upon acceptance of the facilities by the Utility Company, the developer conveys the utility facilities through a warranty deed to the Utility Company. Utility Companies will often refund ten (10) percent of the annual water revenue associated with development for a period of ten (10) years.

Staff recommends that AWC file with Docket Control, for Staff's review and approval, a copy of the fully executed main extension agreements for water facilities for each parcel within the extension area within 365 days of a decision in this case.

The Water System

According to the Water Use Data Sheet submitted by the Company, the Company has 14 wells producing 15,240 gallons per minute ("GPM"), 14.192 million gallons of storage capacity, and a distribution system serving 17,707 service connections as of June 2005. Based on historical growth rates, it is anticipated that the existing service area could grow to approximately 25,500 connections at the end of five years. The Company has predicted an additional 80 connections for the proposed CC&N extensions at the end of five years, resulting in a projected total customer base of approximately 25,900 at the end of five years. Based on the existing well production and storage capacities, the system can serve approximately 20,600 service connections.

The Company is proposing to extend its water system into the requested areas by extension of its distribution system. The development of each parcel will result in the following number of service connections:

Parcel 1: The Company is serving approximately 200 existing service connections and is projecting to increase to 230 connections within five years. At build out, this parcel could have approximately 1,000 connections.

According to the Company, this parcel was thought to be within the existing CC&N and service to this parcel has been in effect since 1962. Through Staff review of other Company – Casa Grande cases, it was revealed that this parcel was not within the Company's CC&N service area.

Parcel 2 and 3: Within the first year, the Company anticipates no new customers and 25 customers for each parcel within five years. At build out, the Company anticipates approximately 1,500 customers for each parcel.

Parcel 4, 5, 6, 7 and 8: These parcels are all located within several miles from the nearest distribution mains. Water service to these parcels will depend upon construction of other planned developments to bring the water closer to these parcels before their development.

The Company anticipates no new customers within the first five years. At build out, Parcel 4 could have about 400 customers; Parcel 5 at 200 customers; Parcel 6 at 150 customers; Parcel 7 at 150 customers; and Parcel 8 at 20 customers.

For all parcels, the total customer count to be served in the first five years is 80 customers and at total build out, the customer count is anticipated at 4,920.

Staff concludes that the existing system will have adequate production and storage capacity to serve the existing and proposed CC&N extension areas within a conventional five year planning period and can reasonably be expected to develop additional production and storage as required in the future. However, the Company has indicated that it would be at least five years before it would serve its first customer in Parcels 4, 5, 6, 7, and 8.

Staff recommends that the Company file with Docket Control as a compliance item in this docket a copy of the Arizona Department of Environmental Quality Approval To Construct ("ATC") for facilities needed to serve the requested areas within one year of the effective date of an order in this proceeding.

Arizona Department of Environmental Quality ("ADEQ") Compliance

ADEQ regulates the water system under ADEQ Public Water System I.D. #11-009. Based on compliance information submitted by the Company, the system has no deficiencies and ADEQ has determined that this system is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, and Chapter 4.

Arizona Department of Water Resources ("ADWR") Compliance

There are five (5) Active Management Areas ("AMAs") in Arizona and each has a different goal depending on the water supply need of the area. The Company is located in the Pinal AMA, as designated by ADWR. The goal of the Pinal AMA is to allow the development of non-irrigation water uses, extend the life of the agricultural economy for as long as feasible, and preserve water supplies for future non-agricultural uses. As a result, the Company is subject to the reporting and conservation rules of ADWR. ADWR has indicated that the Company is in compliance with the Pinal AMA requirements.

Staff recommends that the Company be required to file with Docket Control as a compliance item in this docket a copy of the developers' Certificate of Assured Water Supply,

stating that there is adequate water supply, where applicable or when required by statute, within a year of the effective date of the final decision and order issued pursuant to this application.

ACC Compliance

According to the Utilities Division Compliance Section, AWC has no outstanding ACC compliance issues.

Arsenic

The U.S. Environmental Protection Agency ("EPA") has reduced the arsenic maximum contaminant level ("MCL") in drinking water from 50 micrograms per liter (" $\mu\text{g/l}$ ") or parts per billion ("ppb") to 10 $\mu\text{g/l}$. The date for compliance with the new MCL is January 23, 2006.

The Company indicated its arsenic levels for its wells range from 7 ppb to 45 ppb. Based on these levels, the Company is in the process of developing a treatment plan to comply with the new arsenic standard. In Decision No. 67518, issued on January 20, 2005, the Commission approved an accounting order authorizing the deferral of certain costs and expenses related to arsenic treatment that the Company expects to incur for its Western Group. An accounting order is a rate-making mechanism whereby a regulatory commission provides specific deferral authorization to treat costs in a manner that differs from generally accepted accounting principles. Such a deferral mechanism, pursuant to an authorized accounting order, is permitted under National Association of Regulatory Commissioners ("NARUC") Uniform System of Accounts ("USOA") guidelines. The Company's Western Group consists of the Casa Grande, White Tanks, Stanfield, and the Ajo systems. The extension area will be provided water service by the Company's Casa Grande system.

Curtailment Plan Tariff

A Curtailment Plan Tariff ("CPT") is an effective tool to allow a water company to manage its resources during periods of shortages due to pump breakdowns, droughts, or other unforeseeable events.

AWC has an approved curtailment tariff for "All Service Areas" that was approved by Decision No. 66235 effective July 23, 2004.

Proposed Rates

AWC has proposed to provide water utility service to the extension area under its authorized rates and charges.

Franchise

Every applicant for a CC&N and/or CC&N extension is required to submit to the Commission evidence showing that the applicant has received the required consent, franchise or permit from the proper authority, pursuant to ARS 40-282.B. If the applicant operates in an unincorporated area, the company has to obtain the franchise from the County. If the applicant operates in an incorporated area of the County, the applicant has to obtain the franchise from the City/Town.

According to the application, portions of the extension areas are within the municipal boundaries of the City of Casa Grande and the City of Eloy, the remainder is located within unincorporated areas of Pinal County. AWC has filed in the docket copies of the franchise agreements it had entered into with both Pinal County and the City of Casa Grande.

On page 3 of the application, AWC stated: "Within those cities, AWC operates and maintains its water system pursuant to permits issued by those cities and not pursuant to franchise....." The City of Eloy was one of the cities referenced to in the application. On October 27, 2005, Staff contacted Mr. Douglas Olson¹, the Water and Wastewater Systems Manager for the City of Eloy, to verify AWC's statement that it operates and maintains its water system pursuant to permits issued by the City of Eloy and not pursuant to franchise. According to Mr. Olson, the City of Eloy operates its own municipal water and wastewater systems and as such it does not and would not give or issue any "consent, franchise or permit" to any water and/or wastewater utility company (including AWC) to provide utility services within its corporate city limits. Mr. Olson identified Parcels 2 and 8 as being within the corporate city limits. On October 31, 2005, Staff received a letter from Mr. James A. (Jim) McFellin, the City Manager for The City of Eloy, requesting that the Commission deny the Application submitted by AWC. (See Attachment C)

The inclusion of Parcels 2 and 8 in the application for extension of its CC&N as proposed by the Company may create an infringement or encroachment without permission if approved by the Commission. As such, Staff recommends that AWC be required to file with Docket Control an amended legal description excluding the Parcels that are within the corporate city limits of the City of Eloy, specifically, Parcels 2 and 8, prior to the hearing in this matter. The hearing on the merits of the application is set for December 9, 2005.

Recommendations

Staff recommends the Commission approve AWC's application for extension of its existing Certificate of Convenience and Necessity to provide water service in Pinal County subject to compliance with the following conditions:

1. To require AWC to file with Docket Control an amended legal description excluding the Parcels that are within the corporate city limits of the City of Eloy, specifically, Parcels 2 and 8 prior to the hearing in this matter.

¹ Staff contacted the City of Eloy's representative via telephone at 520-464-1392.

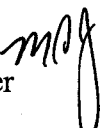
2. To require AWC to charge its authorized rates and charges in the extension area.
3. To require AWC to file with Docket Control, for Staff's review and approval, a copy of the fully executed main extension agreements for water facilities for each parcel within the extension area within 365 days of a decision in this case.
4. To require AWC to file with Docket Control, as a compliance item in this docket, a copy of the Arizona Department of Environmental Quality Approval To Construct ("ATC") for facilities needed to serve the requested areas within one year of the effective date of an order in this proceeding.
5. To require AWC to file with Docket Control, as a compliance item in this docket, a copy of the developers' Certificate of Assured Water Supply, stating that there is adequate water supply, where applicable or when required by statute, within one year of the effective date of the final decision and order issued pursuant to this application.

Staff further recommends that the Commission's Decision granting the requested CC&N extension be considered null and void should the Company fail to meet Conditions No. 3, 4, and 5 listed above within the time specified.

MEMORANDUM

DATE: September 14, 2005

TO: Blessing Chukwu
Executive Consultant III

FROM: Marlin Scott, Jr. 
Utilities Engineer

RE: Arizona Water Company – Casa Grande System
Docket No. W-01445A-05-0469 (CC&N Extension)

Introduction

Arizona Water Company ("Company") has applied to extend its Certificate of Convenience and Necessity ("CC&N") for its Casa Grande system to include eight different parcels. The requested areas will add approximately 12 square-miles to the Company's existing 138 square-miles of local certificated area. The Company serves the City of Casa Grande in Pinal County.

Capacity

Existing Utility Plant

According to water use data submitted by the Company, the Company has 14 wells producing 15,240 gallons per minute ("GPM"), 14.192 million gallons of storage capacity, and a distribution system serving 17,707 service connections as of June 2005. Based on historical growth rates, it is anticipated that the existing service area could grow to approximately 25,500 connections at the end of five years. The Company has predicted an additional 80 connections for the proposed CC&N extensions at the end of five years, resulting in a projected total customer base of approximately 25,900 at the end of five years. Based on the existing well production and storage capacities, the system can serve approximately 20,600 service connections.

Proposed Plant Facilities

The Company is proposing to extend its water system into the requested areas by extension of its distribution system using advances in aid of construction. The development of each parcel will result in the following number of service connections:

Parcel 1: The Company is serving approximately 200 existing service connections and is projecting to increase to 230 connections within five years. At build out, this parcel could have approximately 1,000 connections.

According to the Company, this parcel was thought to be within the existing CC&N and service to this parcel has been in effect since 1962. Through Staff review of other Company – Casa Grande cases, it was revealed that this parcel was not within the Company's CC&N service area.

Parcel 2 and 3: Within the first year, the Company anticipates no new customers and 25 customers for each parcel within five years. At build out, the Company anticipates approximately 1,500 customers for each parcel.

Parcel 4, 5, 6, 7 and 8:

These parcels are all located within several miles from the nearest distribution mains. Water service to these parcels will depend upon construction of other planned developments to bring the water closer to these parcels before their development.

The Company anticipates no new customers within the first five years. At build out, Parcel 4 could have about 400 customers; Parcel 5 at 200 customers; Parcel 6 at 150 customers; Parcel 7 at 150 customers and Parcel 8 at 20 customers.

Conclusion

For all parcels, the total customer count to be served in the first five years is 80 customers and at total build out, the customer count is anticipated at 4,920.

Staff concludes that the existing system will have adequate production and storage capacity to serve the existing and proposed CC&N extension areas within a conventional five year planning period and can reasonably be expected to develop additional production and storage as required in the future.

Arizona Department of Environmental Quality ("ADEQ") Compliance

Compliance Status

ADEQ regulates the water system under ADEQ Public Water System I.D. #11-009. Based on compliance information submitted by the Company, the system has no deficiencies and ADEQ has determined that this system is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, and Chapter 4.

Certificate of Approval to Construct

The ADEQ Certificate of Approval to Construct ("ATC") for facilities needed to serve the requested areas have not been submitted by the Company. Staff recommends that the Company docket as a compliance item in this case within one year of the effective date of an order in this proceeding copies of the ATC issued by ADEQ.

Arsenic

The U.S. Environmental Protection Agency has reduced the arsenic maximum contaminant level ("MCL") in drinking water from 50 parts per billion ("ppb") to 10 ppb. The date for compliance with the new MCL is January 23, 2006.

The Company indicated its arsenic levels for its wells range from 7 ppb to 45 ppb. Based on these levels, the Company is in the process of developing a treatment plan to comply with the new arsenic standard. In Decision No. 67518 (dated January 20, 2005), the Commission approved an accounting order which will allow the Company to record its arsenic treatment costs for the Company's Western Group. The Case Grande system is part of this Western Group.

Arizona Department of Water Resources Compliance

Compliance Status

The Company is located within the Pinal Active Management Area ("AMA") and is in compliance with its reporting and conservation requirements.

Certificate of Assured Water Supply

Staff recommends that the Company docket as a compliance item in this case within one year of the effective date of an order in this proceeding a copy the developer's Certificate of Assured Water Supply for the requested area, where applicable or when required by statute.

Arizona Corporation Commission Compliance

A check with the Utilities Division Compliance Section showed no outstanding compliance issues for the Company.

Curtailment Tariff

The Company has an approved curtailment tariff for "All Service Areas" that became effective on July 23, 2004 per Decision No. 66235.

Summary

Conclusions

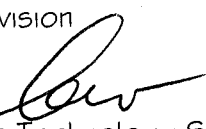
- A. Staff concludes that the existing system will have adequate production and storage capacity to serve the existing and proposed CC&N extension area within a conventional five year planning period and can reasonably be expected to develop additional production and storage as required in the future.
- B. Based on compliance information submitted by the Company, the Casa Grande system has no deficiencies and ADEQ has determined that this system is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, Chapter 4.
- C. The Company indicated its arsenic levels for its wells range from 7 ppb to 45 ppb. Based on these levels, the Company is in the process of developing a treatment plan to comply with the new arsenic standard.
- D. The Company is within the Pinal AMA and is in compliance with its reporting and conservation requirements.
- E. A check with the Utilities Division Compliance Section showed no outstanding compliance issues.
- F. The Company has an approved curtailment tariff for all its systems.


Recommendations

- 1. Staff recommends that the Company docket as a compliance item in this case within one year of the effective date of an order in this proceeding copies of the ATC issued by ADEQ.
- 2. Staff recommends that the Company docket as a compliance item in this case within one year of the effective date of an order in this proceeding copies the developer's Certificate of Assured Water Supply for the requested area, where applicable or when required by statute.

MEMORANDUM

TO: Blessing Chukwu
Executive Consultant III
Utilities Division

FROM: Barb Wells 
Information Technology Specialist
Utilities Division

THRU: Del Smith 
Engineering Supervisor
Utilities Division

DATE: July 18, 2005

RE: **ARIZONA WATER COMPANY (DOCKET NO. W-01445A-05-0469)**

The area requested by Arizona Water for an extension has been plotted with no complications using the legal description provided with the application (a copy of which is attached).

Also attached are copies of the maps for your files.

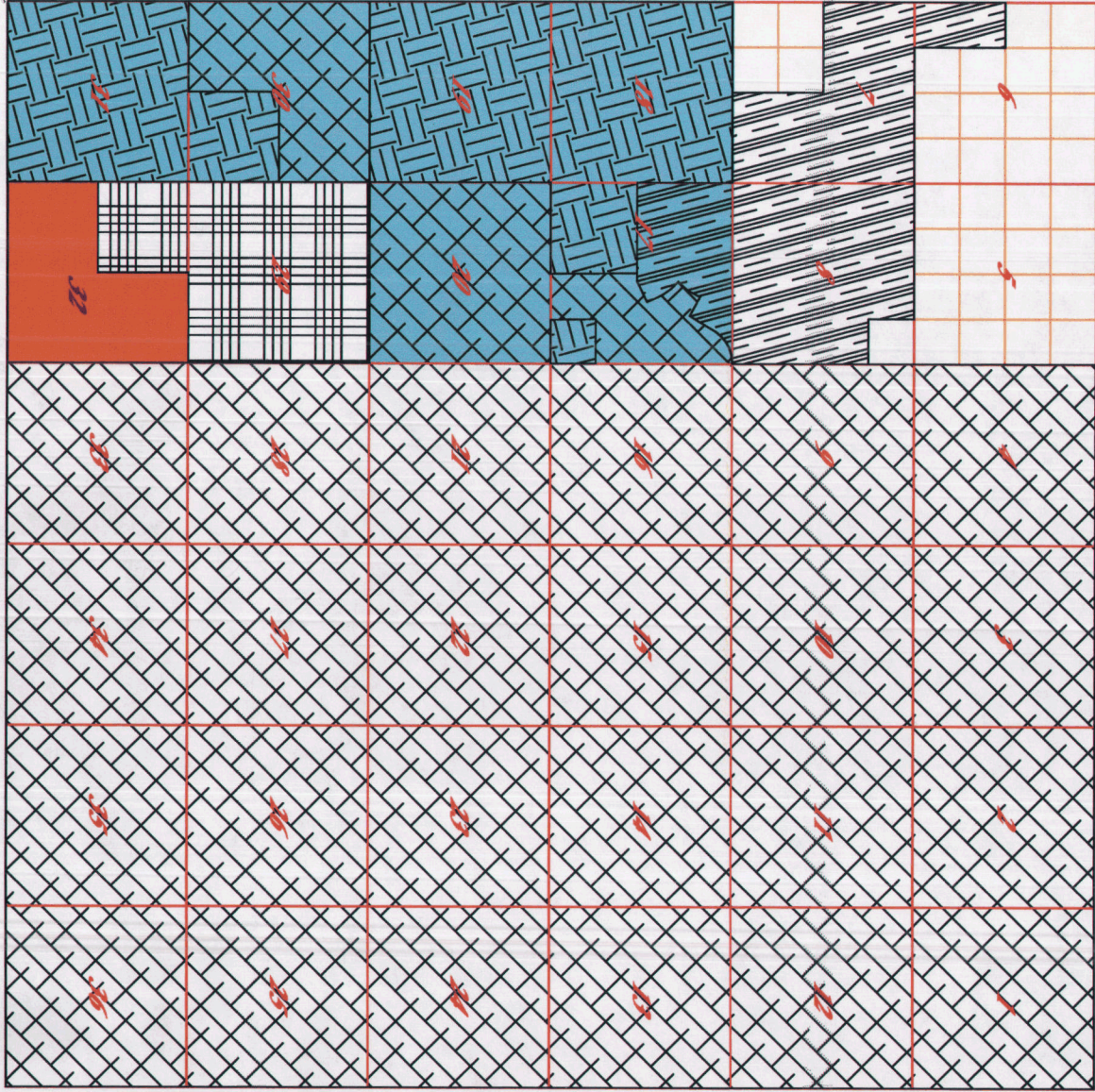
:bsw

Attachments






cc: Docket Control
Mr. Robert Geake
Ms. Deb Person (Hand Carried)
File

COUNTY: Pinal

RANGE 5 East



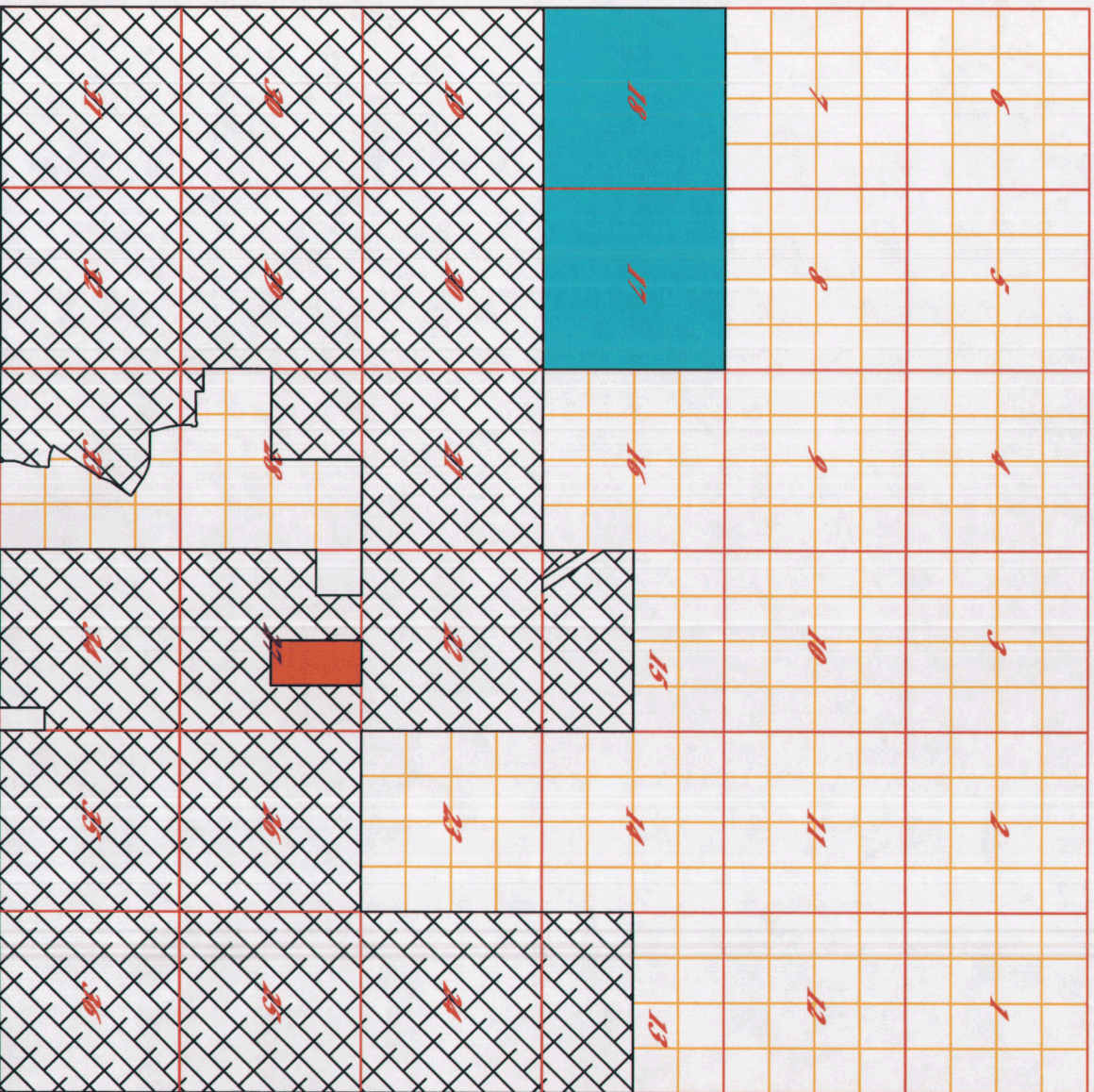
TOWNSHIP 6 South

-  W-1445 (34)(3)
Arizona Water Company (Stanfield)
-  W-1990 (1)
Casa Grande West Water Company, Inc.
-  W-2442 (2)
CP Water Company
-  WS-1775 (2)
Francisco Grande Utility Company
- 
Arizona Water Company
Docket No. W-01445A-05-0469
Application for Extension

Sewer

COUNTY: Pinal

RANGE 6 East



TOWNSHIP 5 South



W-1445 (35)(10)

Arizona Water Company (Casa Grande)



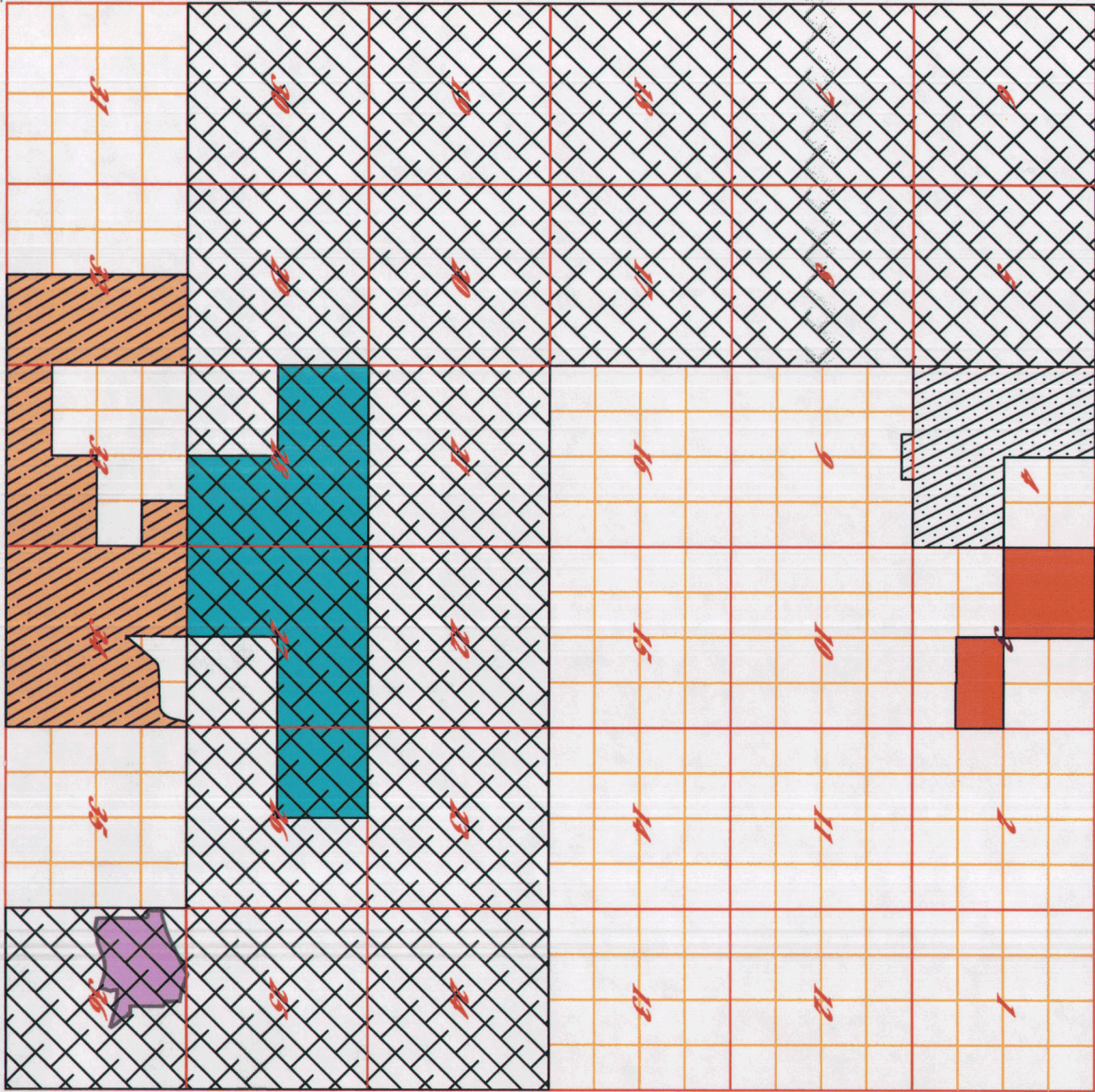
Arizona Water Company
Docket No. W-1445-04-743
Application for Extension










Arizona Water Company
Docket No. W-01445A-05-0469
Application for Extension

COUNTY: Pinal

RANGE 7 East

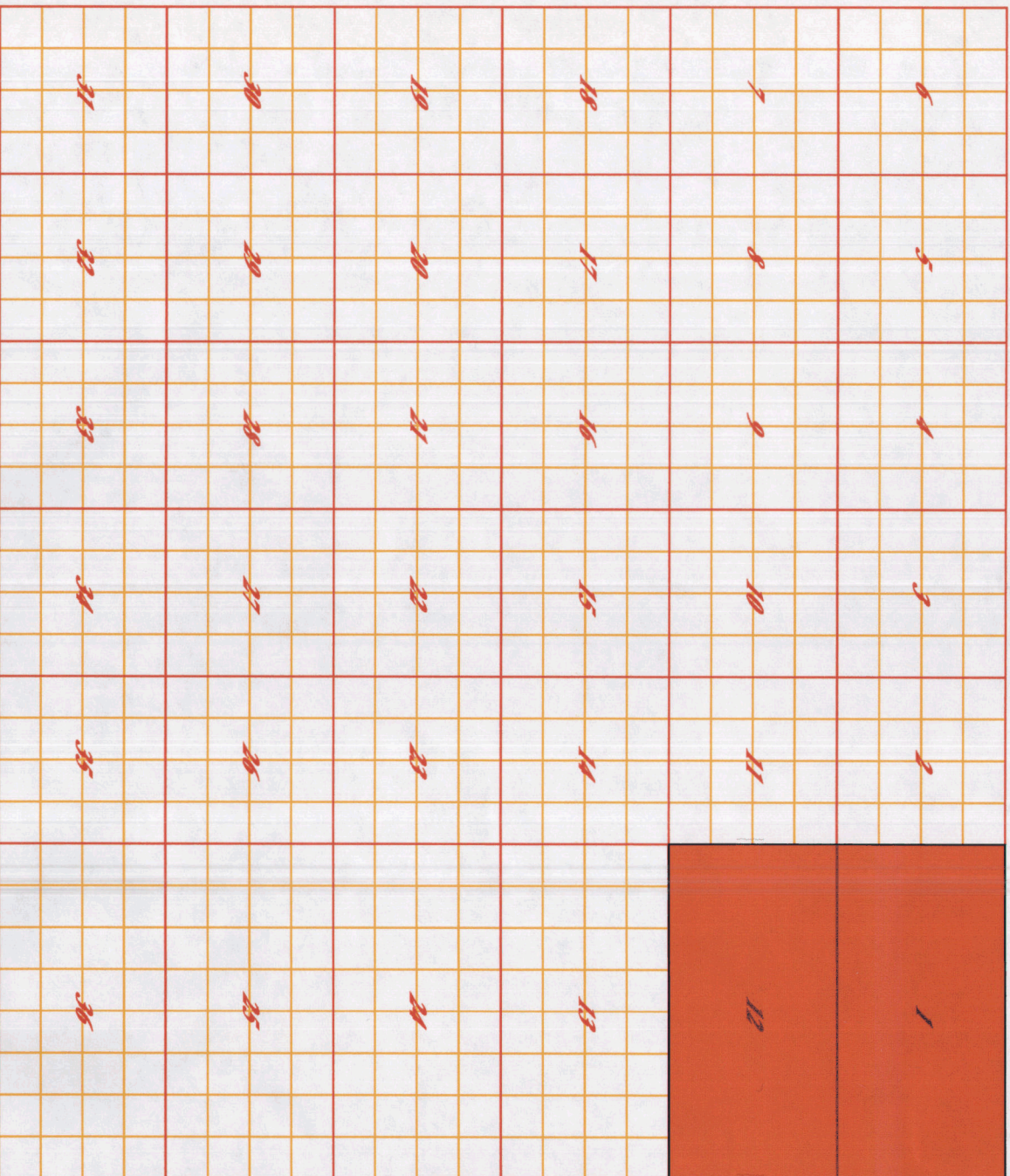


TOWNSHIP 6 South

-  W-1445 (34)(9)
Arizona Water Company (Casa Grande)
-  Sewer
SW-3709 (2)
Picacho Sewer Company
-  W-3528 (2)
Picacho Water Company
-  W-2109 (1)
Signal Peak Water Company, Inc.
-  Sewer
SW-2701 (1)
Tierra Grande Utility Cooperative, Inc.
-  Arizona Water Company
Docket No. W-01445A-05-0469
Application for Extension
-  Picacho Water Company
Docket No. W-3528-05-281
Application for Extension

COUNTY: Pinal

RANGE 4 East

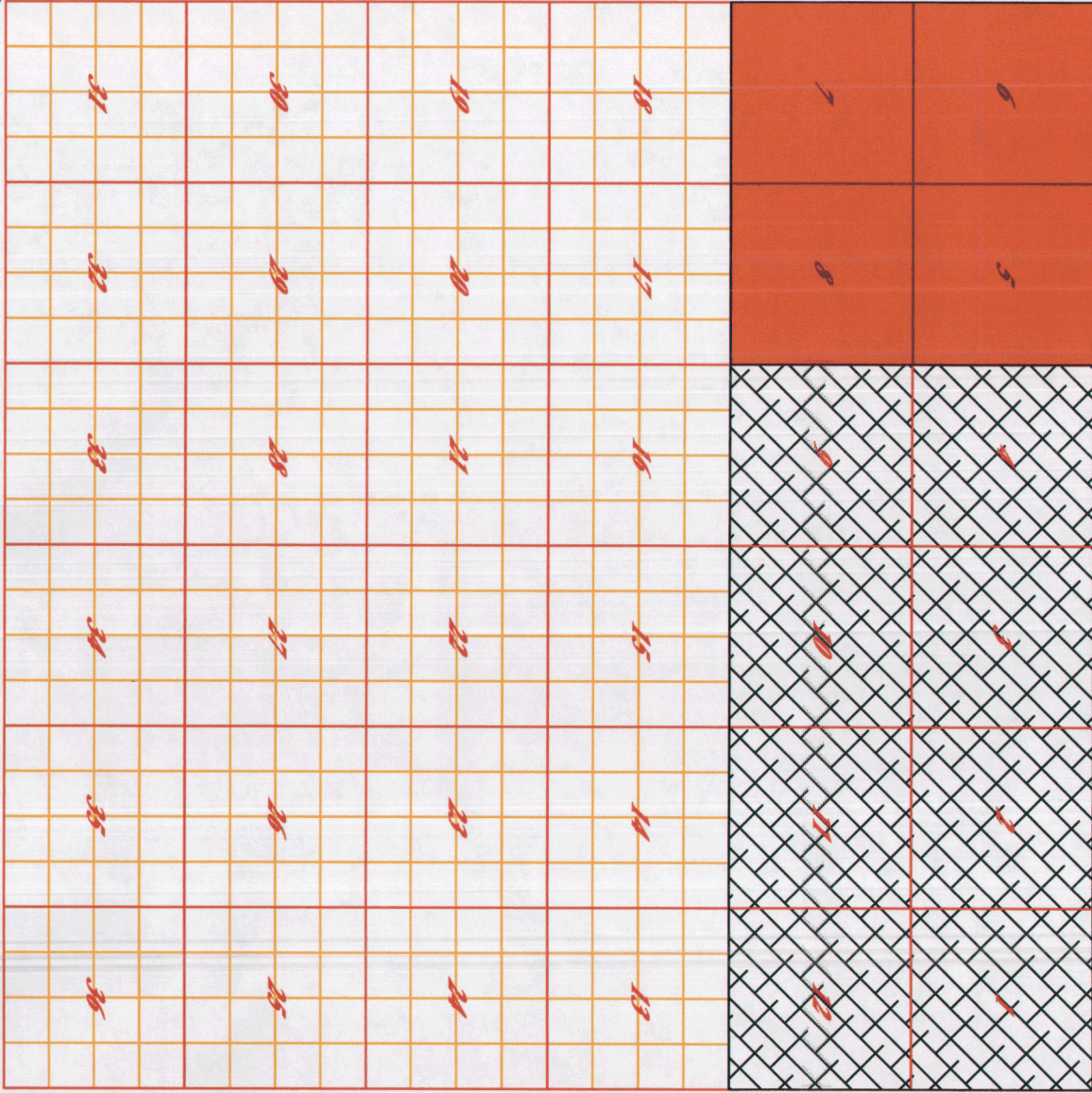


Arizona Water Company
Docket No. W-01445A-05-0469
Application for Extension

COUNTY:

Pinal

RANGE 5 East



TOWNSHIP 7 South



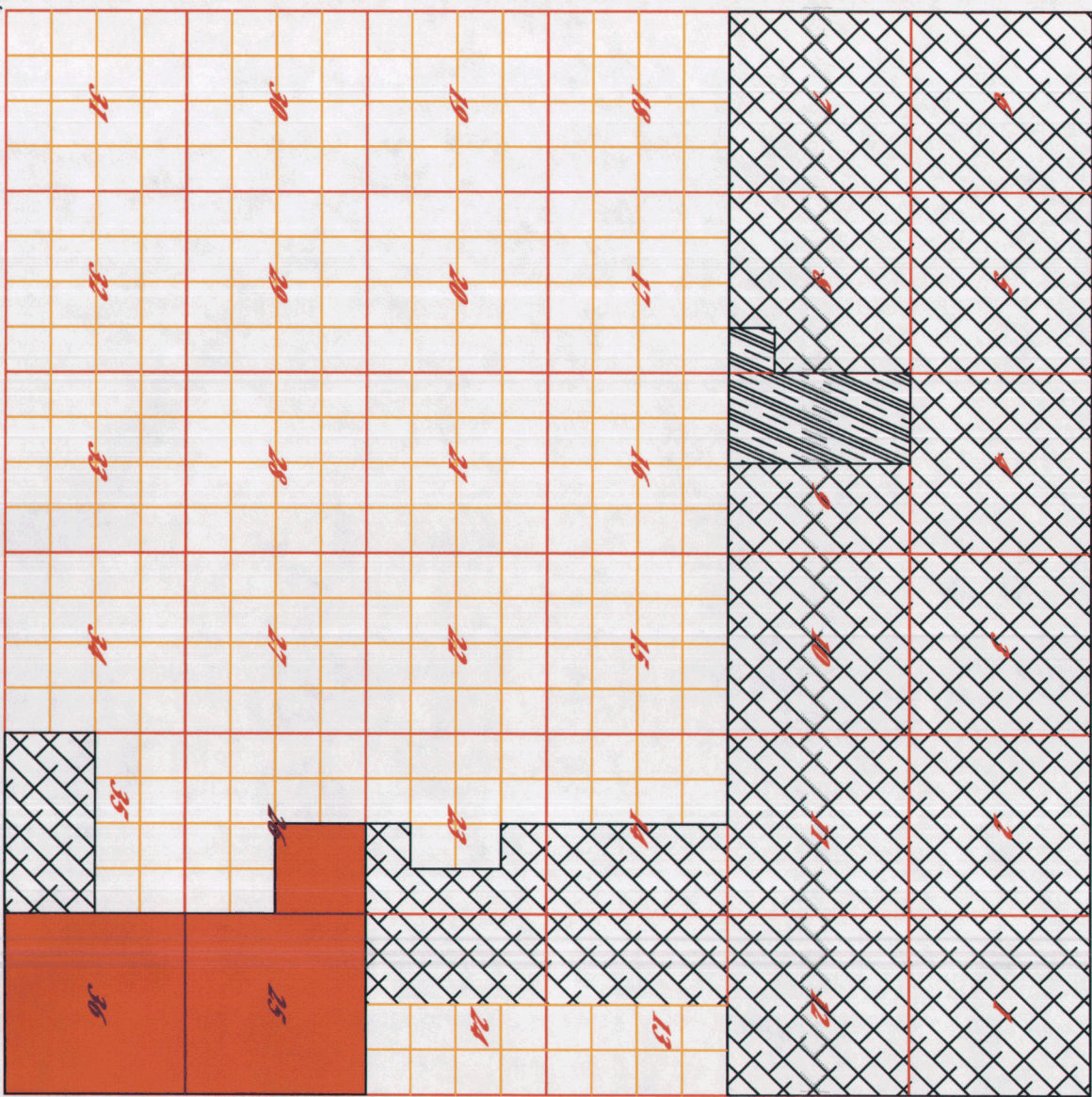
W-1445 (34) (9)
Arizona Water Company (Casa Grande)






Arizona Water Company
Docket No. W-01445A-05-0469
Application for Extension

COUNTY: Pinal

RANGE 6 East

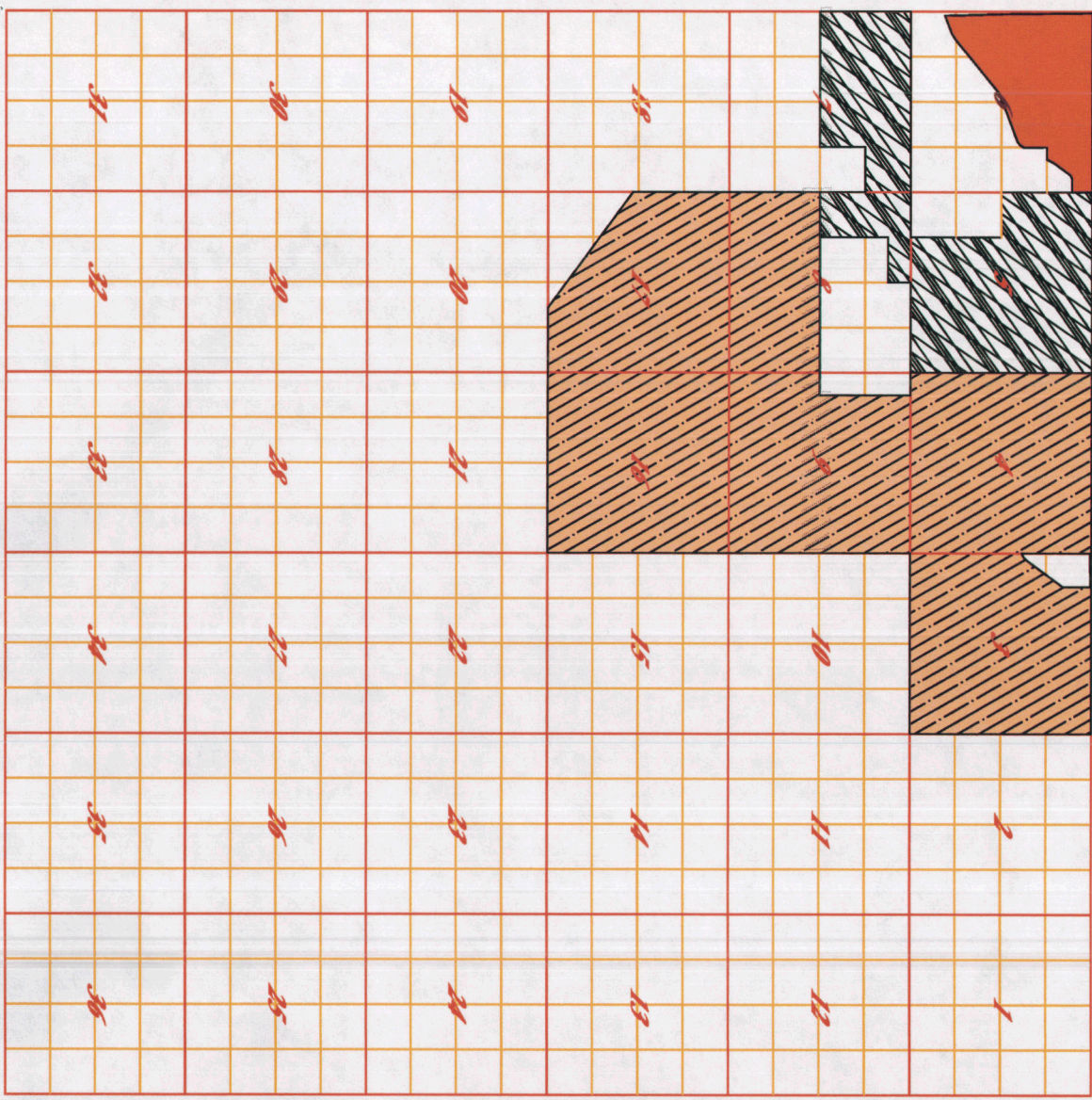


TOWNSHIP 7 South





-  W-1445 (34)(9)
Arizona Water Company (Casa Grande)
-  W-3847 (1)
Casa Grande South Water Company
-  Arizona Water Company
Docket No. W-01445A-05-0469
Application for Extension

COUNTY: Pinal

RANGE 7 East

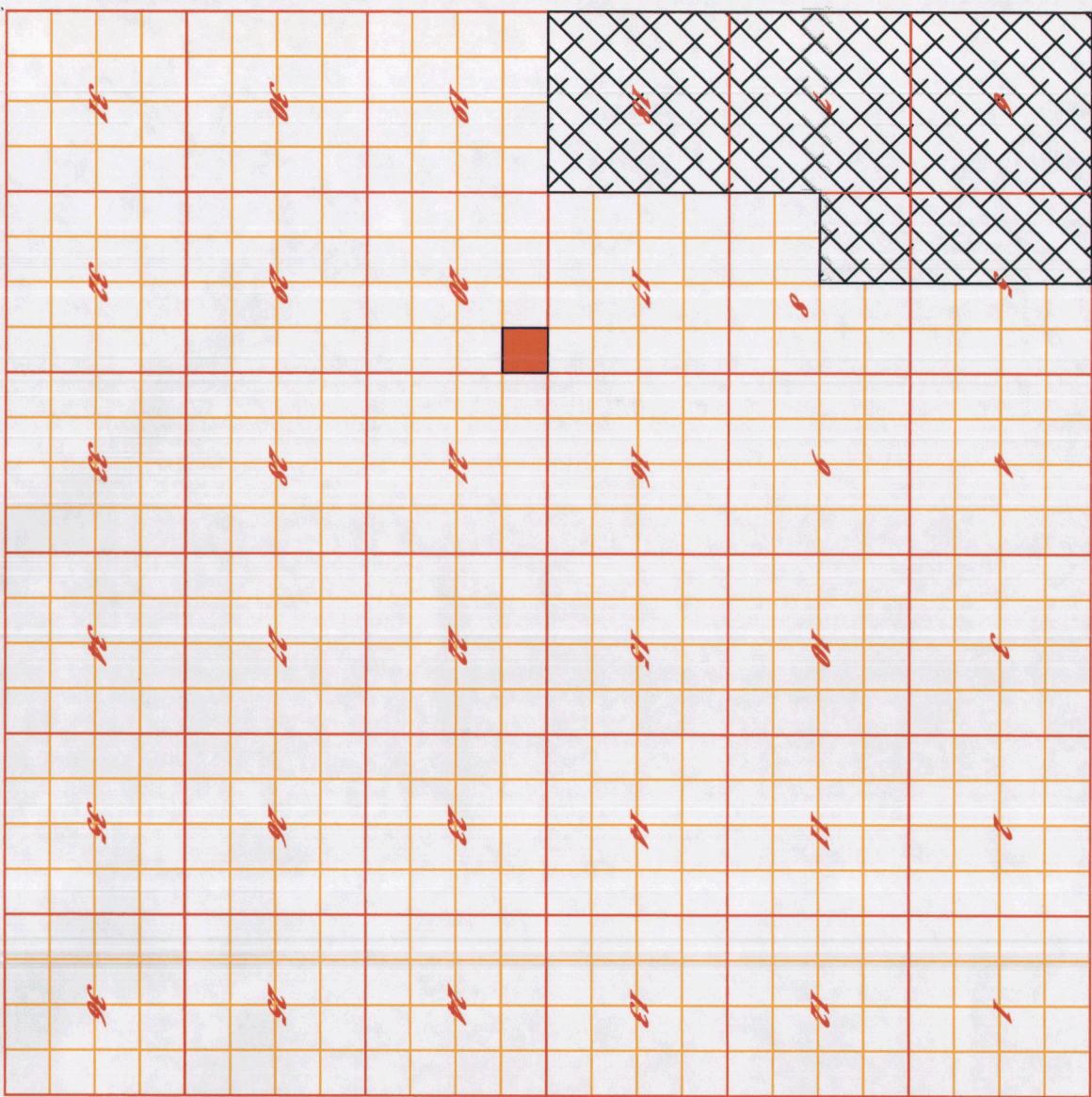


TOWNSHIP 7 South

-  W-2497 (1)
Golden Corridor Water Company
-  Sewer
SW-3709 (2)
Picacho Sewer Company
-  W-3528 (2)
Picacho Water Company
- 
Arizona Water Company
Docket No. W-01445A-05-0469
Application for Extension

COUNTY: Pinal

RANGE 7 East



TOWNSHIP 8 South



W-1445 (34)(9)
Arizona Water Company (Casa Grande)



Arizona Water Company
Docket No. W-01445A-05-0469
Application for Extension

EXHIBIT 1

CC&N This Application

PARCEL ONE

Sections 1 and 12 of Township 7 South, Range 4 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona. **Together With:**

Sections 5, 6, 7, and 8 of Township 7 South, Range 5 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona. **Together With:**

The Northeast quarter and the South half of Section 32, Township 6 South, Range 5 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona.

PARCEL TWO

All of Section 25 and the Northeast quarter of Section 26, Township 7 South, Range 6 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona.

PARCEL THREE

All of Section 36, Township 7 South, Range 6 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona.

PARCEL FOUR

That portion of Lots 1, 2, 3, 4, 5, 6, and 7 and the Southeast quarter of the Northwest quarter and the Southwest quarter of the Northeast quarter and the East half of the Southwest quarter of Section 6, Township 7 South, Range 7 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona, described as follows:

BEGINNING at the Northeast corner of said Section 6, also being the Northeast corner of said Lot 1;

Thence South 00 Degrees 46 Minutes 20 Seconds East, along the East line of said Lot 1, a distance of 589.31 feet to the existing field location of the North edge of the Florence-Casa Grande Canal;

Thence along said North edge, the following 15 courses and distances;

Thence North 89 Degrees 47 Minutes 23 Seconds West, 403.39 feet;

Thence South 63 Degrees 13 Minutes 34 Seconds West, 119.11 feet;

Thence South 36 Degrees 20 Minutes 31 Seconds West, 586.88 feet;

Thence South 27 Degrees 15 Minutes 22 Seconds West, 233.24 feet.;

Thence South 89 Degrees 56 Minutes 56 Seconds West, 356.22 feet;

Thence South 00 Degrees 54 Minutes 57 Seconds East, 668.72 feet;

Thence South 34 Degrees 10 Minutes 22 Seconds West, 136.77 feet;

EXHIBIT 1

Thence South 53 Degrees 59 Minutes 16 Seconds West, 122.25 feet;
Thence South 69 Degrees 44 Minutes 07 Seconds West, 1217.20 feet;
Thence South 01 Degrees 03 Minutes 35 Seconds East, 55.06 feet;
Thence North 89 Degrees 58 Minutes 48 Seconds West, 150.00 feet;
Thence South 61 Degrees 08 Minutes 49 Seconds West, 150.07 feet;
Thence South 51 Degrees 09 Minutes 27 Seconds West, 2015.19 feet;
Thence South 60 Degrees 17 Minutes 26 Seconds West, 190.09 feet;
Thence South 68 Degrees 41 Minutes 00 Seconds West, 572.72 feet to the West line of said Lot 7;
Thence North 01 Degrees 17 Minutes 36 Seconds West, 1639.99 feet to the West quarter corner of said Section 6;
Thence North 00 Degrees 39 Minutes 31 Seconds West, 2651.27 feet to the Northwest corner of said Section 6;
Thence North 89 Degrees 59 Minutes 58 Seconds East, 2568.10 feet to the North quarter corner of said section 6;
Thence North 90 Degrees 00 Minutes 00 Seconds East, 2667.57 feet to the Northeast corner of said Section 6 and the POINT OF BEGINNING.

PARCEL FIVE

The West half of the Northeast quarter of Section 27, Township 5 South Range 6 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona.

PARCEL SIX

The Northwest quarter of Section 3, Township 6 South, Range 7 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona.

PARCEL SEVEN

A portion of the Southeast quarter of Section 3, Township 6 South, Range 7 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona, described as follows:

Commencing at the East quarter corner of said Section 3, a rebar with aluminum cap;
Thence South 89 Degrees 52 Minutes 39 Seconds West, along the North line of said Southeast quarter, a distance of 1328.87 feet to the Northeast corner of the West half of the Southeast quarter of said Section 3 and the POINT OF BEGINNING;
Thence South 00 Degrees 16 Minutes 03 Seconds West, along the East line of said West half, a distance of 1368.45 feet to the North line of a El Paso Natural Gas Easement as described in Docket 556, Page 497, records of Pinal County;
Thence South 89 Degrees 54 Minutes 46 Seconds West, along said North line, a distance of 1331.05 feet to the West line of said Southeast quarter;
Thence North 00 Degrees 21 Minutes 34 Seconds East, along said West line, a distance of 1367.65 feet to the North line of said Southeast quarter;
Thence North 89 Degrees 52 Minutes 39 Seconds East, along said North line, a distance of 1328.87 feet to the POINT OF BEGINNING. **Together With:**

EXHIBIT 1

A portion of the Southeast quarter of Section 3, Township 6 South, Range 7 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona, described as follows:

BEGINNING at the East quarter corner of said Section 3, a rebar with aluminum cap;
Thence South 00 Degrees 10 Minutes 30 Seconds West, along the East line of the Southeast quarter of Section 3, a distance of 1394.23 feet to the North line of a El Paso Natural Gas Easement, as described in Docket 556, Page 497, records of Pinal County;
Thence South 89 Degrees 57 Minutes 44 Seconds West, along said North line, a distance of 1331.10 feet to the West line of the East half of said Southeast quarter of said Section 3;
Thence North 00 Degrees 16 Minutes 03 Seconds East, along said West line, a distance of 1392.26 feet to the Northwest corner of said East half, and the North line of said Southeast quarter;
Thence North 89 Degrees 52 Minutes 37 Seconds East, along said North line, a distance of 1328.86 feet to the POINT OF BEGINNING.

PARCEL EIGHT

The Northeast quarter of the Northeast quarter of Section 20, Township 8 South, Range 7 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona.

Chukwu



CITY OF ELOY

ARIZONA

RECEIVED

October 28, 2005

OCT 31 2005

Arizona Corporation Commission
Attn: Blessing Chukwu
1200 W. Washington
Phoenix, Arizona 85007

AZ Corporation Commission
Director of Utilities

Dear Ms. Chukwu,

Arizona Water Company is attempting to expand their service within the city limits of Eloy. Five of the eight parcels are within the Eloy city limits. Parcel 511-72 is within the City of Eloy and water is available within 400 feet. Parcel 511-73, 511-74, 408-23-053A and 408-23-054B are all within the city limits of Eloy. Service to all of these areas will be expanded as soon as our modification to the 100 year water assurance certificate is received from ADWR. Parcel 511-78-002 is outside the city limits of Eloy.

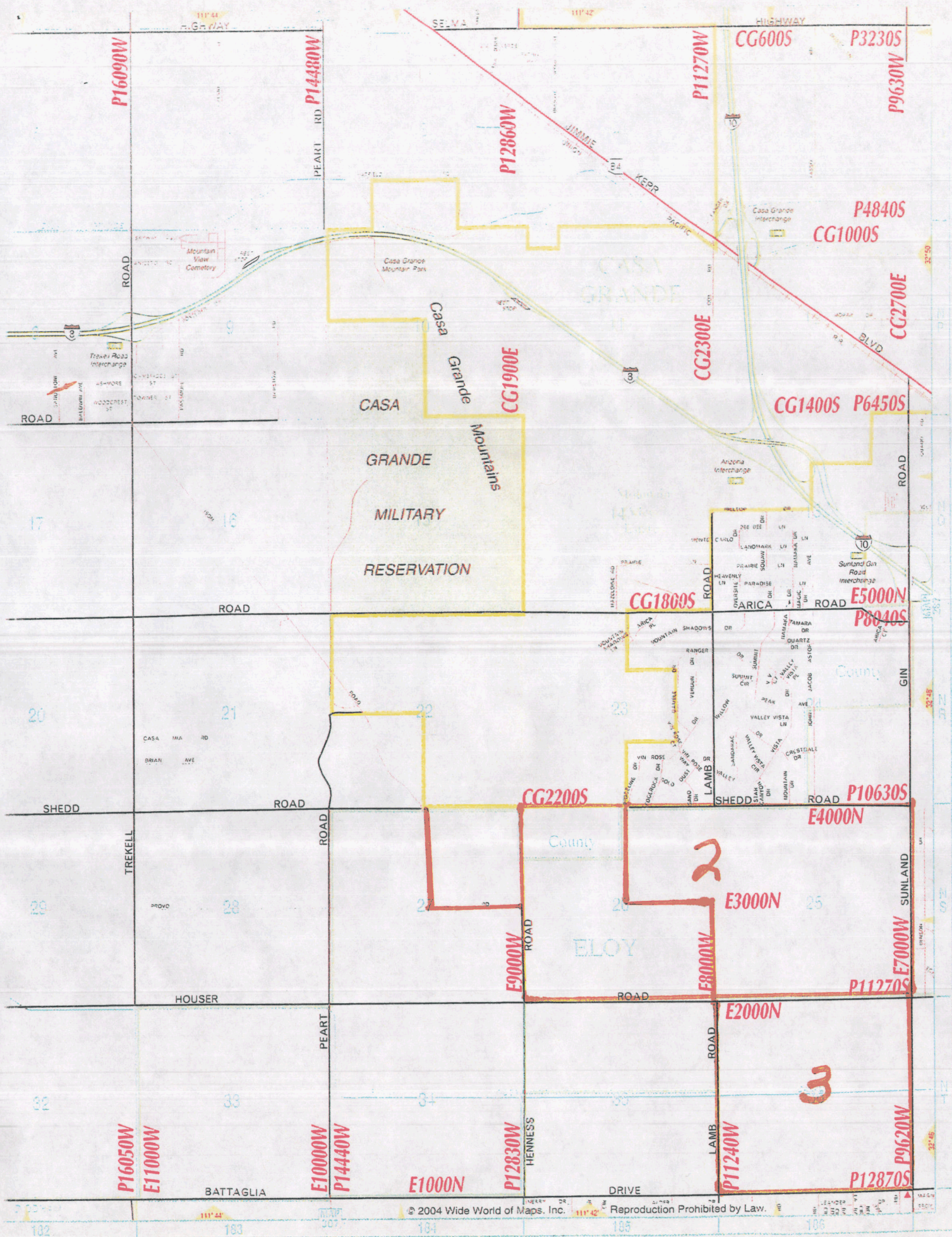
The City of Eloy was not notified of Arizona Water Company plans to extend their service within our city limits. On Maps No. 32, 33 and 36 the utility companies servicing the parcels are listed but the City of Eloy was omitted. I have included maps showing the parcels within the city limits of Eloy.

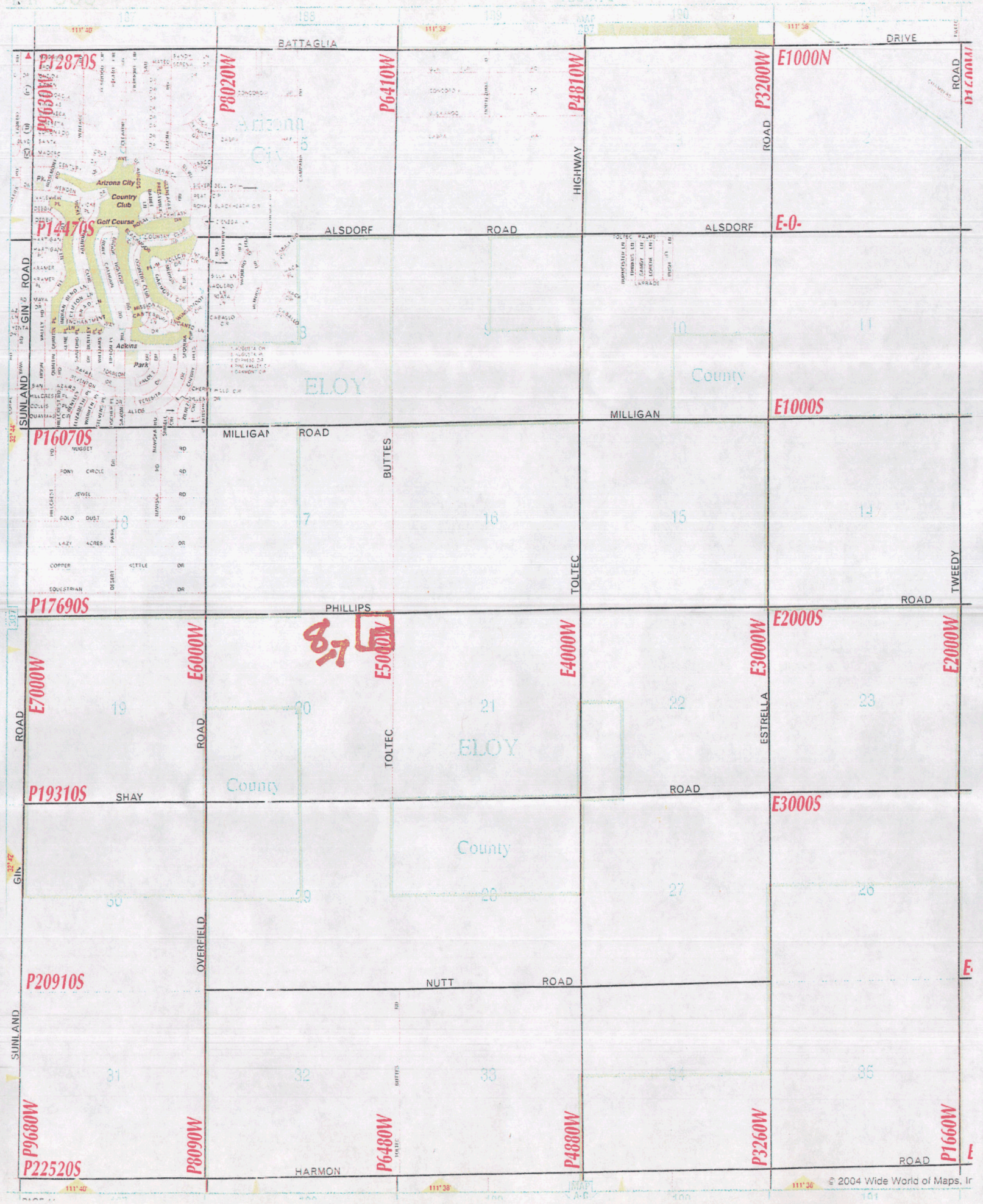
The City of Eloy has no intention of entering into a franchise agreement with Arizona Water Company to service any areas within the City of Eloy. Therefore the City of Eloy requests that the Commission deny the application submitted by Arizona Water Company.

Sincerely,
For The City of Eloy

James A. (Jim) McFellin
City Manager

cc: City Attorney
City Engineer

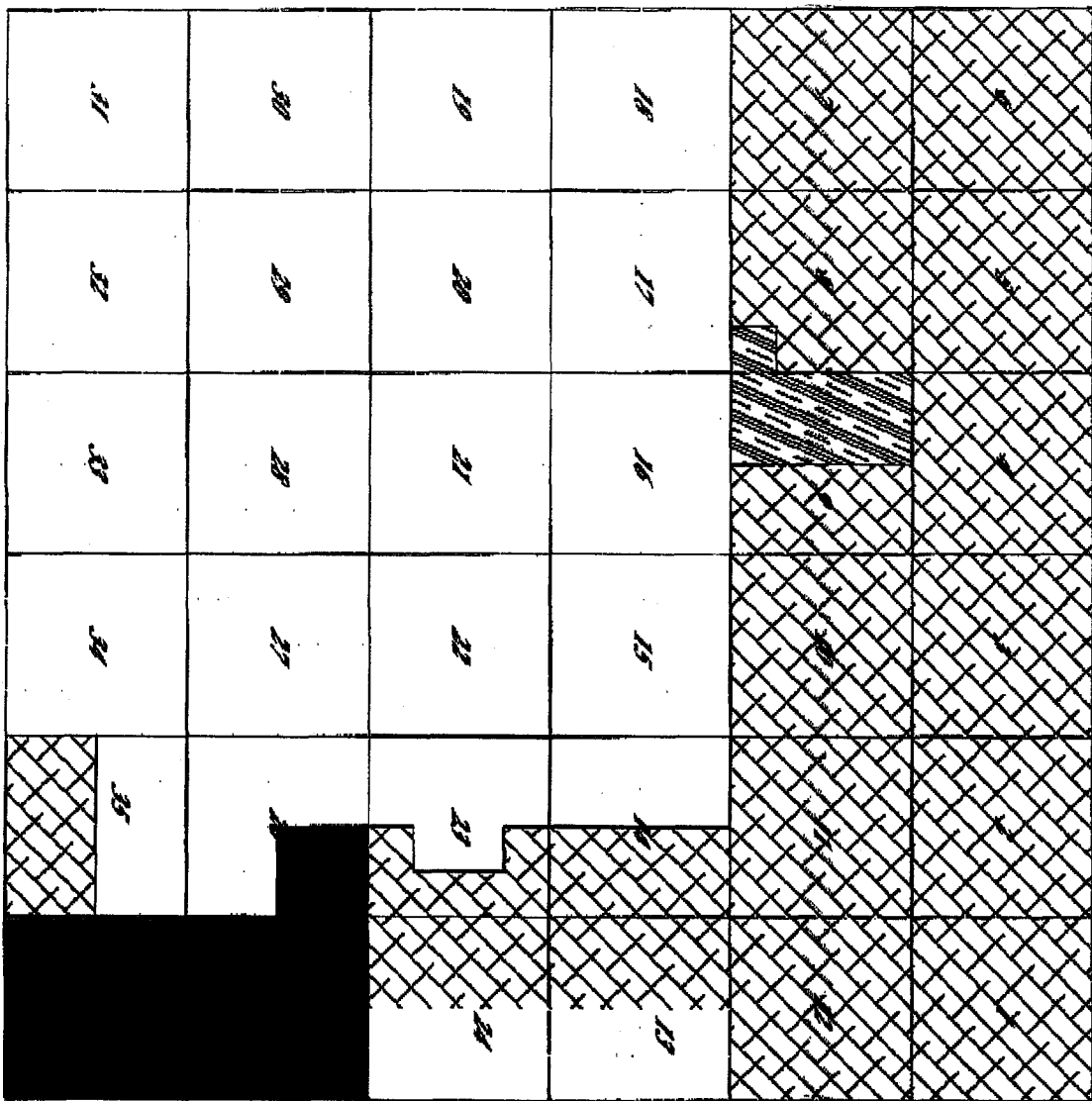




COUNTY: Pinal

Map No. 32

RANGE 6 East



TOWNSHIP 7 South



W-1445 (30)(9)

Arizona Water Company (Casa Grande)



W-3847 (1)

Casa Grande South Water Company



Arizona Water Company
Docket No. W-01445A-05-0469
Application for Extension

COUNTY: Pinal

RANGE 7 East

31	30	19	38	37	36
22	20	20	17	8	12
23	26	21	16	9	11
24	27	22	15	10	12
25	26	23	14	11	12
26	25	24	13	12	12

TOWNSHIP 8 South

Map No. 36



W-1445 (34)(9)

Arizona Water Company (Casa Grande)



Arizona Water Company

Docket No. W-01445A-05-0469

Application for Extension